

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY BUENOS AIRES

UNCLAS STATE 098172

E.O. 11652: N/A

TAGS: 6GEN, EFIN, EINV, AR

SUBJECT: NEW GAO INSURANCE REGULATIONS

1. AMERICAN INTERNATIONAL UNDERWRITERS HAS EXPRESSED
CONCLRN TO THE DEPARTMENT OVER POSSIBLE ADVERSE EFFECTS
OF PROPOSED ARGENTINE
REGULAYIONS (OR LEGISLATION) WHICH
WOULD SEVERELY LIMIT ACTIVITIES OF AIU'S ARGENTINE OFFICE.
2. ACCORDING TO TODD HALL, AIU'S INTERNATIONAL RELATIONS
DEPARTMENTS NEW INSURANCE REGULATIONS WOULD REQUIRE FIRMS
THAT RECEIVE ANY FORM OF GOVERNMENT CONCESSION TO PLACE
INSURANCE ONLY
WITH NATIONAL COM-
PANIES. LATTER IS IN-
TERPRETED TO MEAN FIRMS HAVING NO LESS
THAN 70 PERCENT
ARGENTINE OWNERSHIP. LEGISLATION WOULD ALSO CHANGE PRESENT
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PAGE 02 STATE 098172

CONDITIONS FOR RE-INSURANCE IN ARGENTINA TO DETRIMENT OF
FOREIGN OWNED INSURANCE FIRMS.

3. HALL IS VAGUE OVER PRECISE NATURE OF PROPOSED REGU-
LATIONS. HE BELIEVED THAT REGULATIONS MAY HAVE EMANATED
FROM ARGENTINE GOVERNMENT AGENCY CHARGED WITH REGULATING
THE INDUSTRY. HE STATED FURTHER THAT MINISTER OF ECONOMY,

,ARTINEZ DE HOZ, IS EXPECTED TO APPROVE THE, SHORTLY.

4. COMMENT: THE PROPOSED REGULATIONS AS DESCRIBED BY AIU
WOULD APPEAR TO CONTRAVENE A
TICLE 1 OF ARGENTINA'S FOREIGN
INVESTMENT LAW GIVING FOREIGN INVESTORS THE SAME RIGHTS
AND OBLIGATIONS AS LAW AND THE CONSTITUTION GRANT TO
NATIONAL INVESTORS. WE NOTE, HOWEVER, THAT ARTICLE 4
PLACES IN-
SURRENCE AMONG THE INDUSTRIES REQUIRING PRIOR
APPROVAL OF
THE EXECUTIVE POWER AND FOR WHICH SPECIFIC
LEGISLATION WILL BE PASSED.

4. ACTION REQUESTED: DEPARTMENT WOULD APPRECIATE EMBASSY
COORDINATIONS ON ABOVE ALLEGATIONS, ANY INFORMATION AVAILABLE
ON PROPOSED REGULATIONS AND LIKELY IMPACT ON AMERICAN
INSURANCE FIRMS DOING BUSINESS IN ARGENTINA. WE WOULD
ALSO APPRECIATE EMBASSY'S SUGGESTIONS ON POSSIBLE
APPROACH TO GAO IN EVENT ALLEGATIONS ARE SUBSTANTIATED.
CHRISTOPHER

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